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S-5743

Approved For Release 2006/09/26 : CIA-RDP85T00875R001900010063-8

CIA/OER/S-05743-73

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6 December 1973

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MEMORANDUM FOR: Mr. Dennis H. Wood
Council on International
Economic Policy

SUBJECT : Transmittal of Recent Estimates
on Demand for US Wheat Exports,
1973/74

1. In response to your request, a table showing
the latest USDA and CIA estimates of demand for US
wheat exports by country and region is attached.

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A brief summary of principal
findings has also been included.

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2. Because of the possible interest of other
components of the Washington economic community in
this subject, this Office may send the attached
material to other interested officials.

3. Queries concerning the attached contribution
should be directed to

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On file Department of
Agriculture and Department
of Commerce release
instructions apply.

Chief
USSR/Eastern Europe Division
Office of Economic Research

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Attachment:
As stated

Distribution: (S-5743)

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ALTERNATIVE ESTIMATES OF EXPORT DEMAND FOR
U.S. WHEAT, 1973/74

Central Intelligence Agency
Office of Economic Research
6 December 1973

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ALTERNATIVE ESTIMATES OF EXPORT DEMAND FOR U.S.
WHEAT, 1973/74

Highlights

1. A comparison of the estimated export demand for US wheat in FY74 between the September and December findings is as follows (in million metric tons):

	<u>USDA</u>	<u>CIA</u>
September 73*	29.9	36.3
December 73	31.3	35.3

The data show that the gap between USDA and CIA projections has been narrowed from about 6 million tons to 4 million tons. CIA's projections, however, still exceed those of USDA for every major region of the world (see Table).

2. Total US shipments of wheat plus anticipated exports (excluding unspecified sales) reported by brokers as of 2 November, have increased to 29.5 million tons since August. This quantity represents about 94% of USDA's projected total exports for FY74. An additional 5.7 million tons of wheat is listed by exporters without specified destinations.

3. Since last August, the USDA has revised its estimates of US wheat production (down by 1/2 million tons) and of domestic use (down by roughly 3/4 million tons).

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These changes, coupled with the increase in USDA's anticipated exports, would result in a further 1 million tons reduction of carryover stocks at end of FY74 to a new low of about 7 million tons. It may be difficult to reduce stocks much below this level to even partially support the higher level of export indicated by CIA estimates.

4. CIA's estimated demand for US wheat exports of 35 million tons would be reduced if: a) Canada announced a willingness to make more wheat available from stocks and on more favorable terms than presently; b) the EC released for export all the surplus wheat not denatured this year -- so far less than one-half (3 million tons) has been licensed for export; and c) Australia and Argentina have not yet committed all of their exportable wheat from this year's harvest.

5. A significant development affecting world wheat production since last August was the Soviets claim of a record grain harvest for 1973 of "more than 215 million tons". This level substantially exceeds the poor harvest of 168 million tons last year and the previous record of 187 million tons in 1970. Of this, the wheat crop is estimated to be about 105 million tons. This success,

however, will not substantially relieve pressures on world wheat supplies in FY74. The Soviets still will need the 6 million tons of wheat imports contracted for delivery this Fiscal Year because of their domestic wheat quality problems and depleted stocks. For these same reasons, they will be reluctant to export large amounts to countries other than their traditional client states and the 2 million tons promised to India. Indeed, the Soviets [REDACTED] 25X1 [REDACTED] expect little activity for the balance of the current marketing year in both the grain export or import markets.

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Estimated Demand for U.S. Wheat and Flour Exports, 1973/74 a/
(in thousand metric tons)

<u>Destination</u>	<u>CIA</u>	<u>USDA b/</u>	<u>Commitments by 2 Nov c/</u>
<u>Americas:</u>			
Mexico	920		618
Brazil	1,300		976
Chile	420		416
Peru	600		285
Venezuela	600		502
Colombia	400		150
Central America	375		383
Others	965		867
Subtotal	5,580	4,600	4,197
<u>Europe:</u>			
Eastern Europe	900	600	772
USSR	4,000	3,700	3,804
Belgium-Lux	270		271
France	200		89
Italy	800		811
West Germany	490		489
Netherlands	1,100		1,031
Norway	85		62
Portugal, Azores, Madeira	135		68
Spain, Canaries	50		40
Switzerland	50		3
U.K.	850		382
Others	260		184
Subtotal	9,190	8,500	8,006
<u>Asia:</u>			
Bangladesh	800		353
India	1,500	(1,500)	1,422
Iran	900		704
Israel	420		420
Japan	3,390	(3,300)	3,252
Korea	1,800		1,760
Lebanon	100		40
Pakistan	1,000		245

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Asia: (continued)

Philippines	450		180
Taiwan	660	(600)	596
PRC	4,200	(4,000)	3,722
Afghanistan	25		0
Hong Kong	70		49
Indonesia	600		550
Iraq	500		425
Jordan	60		22
Malaysia	15		12
Singapore	30		25
South Vietnam	300		14
Saudi Arabia	25		12
Others	250		180
Subtotal	17,095	14,200	13,983

Africa:

Algeria	1,500		1,487
Morocco	500		252
Nigeria	400		735
Tunisia	270		74
Egypt	400		402
Ethiopia			5
Ghana			33
Others			311
Subtotal	3,450	2,500	3,299

Total wheat	35,315	29,800	29,485
Flour and products	d/	1,500	e/
Total wheat equivalent	35,315	31,300	29,485
Unspecified destination	--	--	5,663
Total wheat (including unspecified destination)	--	--	35,148

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- a/ Marketing year 1 July 1973 thru 30 June 1974.
- b/ Statistical data shown for selected country and regional totals were supplied by FAS/USDA [REDACTED] Grand total of 31.3 million tons was taken from USDA/ERS, Wheat Situation, November 1973.
- c/ Includes wheat shipments for 1 July to 31 October taken from USDA, SRS, Grain Market News, 16 November 1973; plus anticipated exports as of 2 November 1973 for the balance of the 1973/74 marketing year based on Department of Commerce data.
- d/ Flour included with individual country's wheat imports.
- e/ Excluded in reports by grain brokers to Commerce.